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1946 OUTLOOK ISSUE

THE Cotton SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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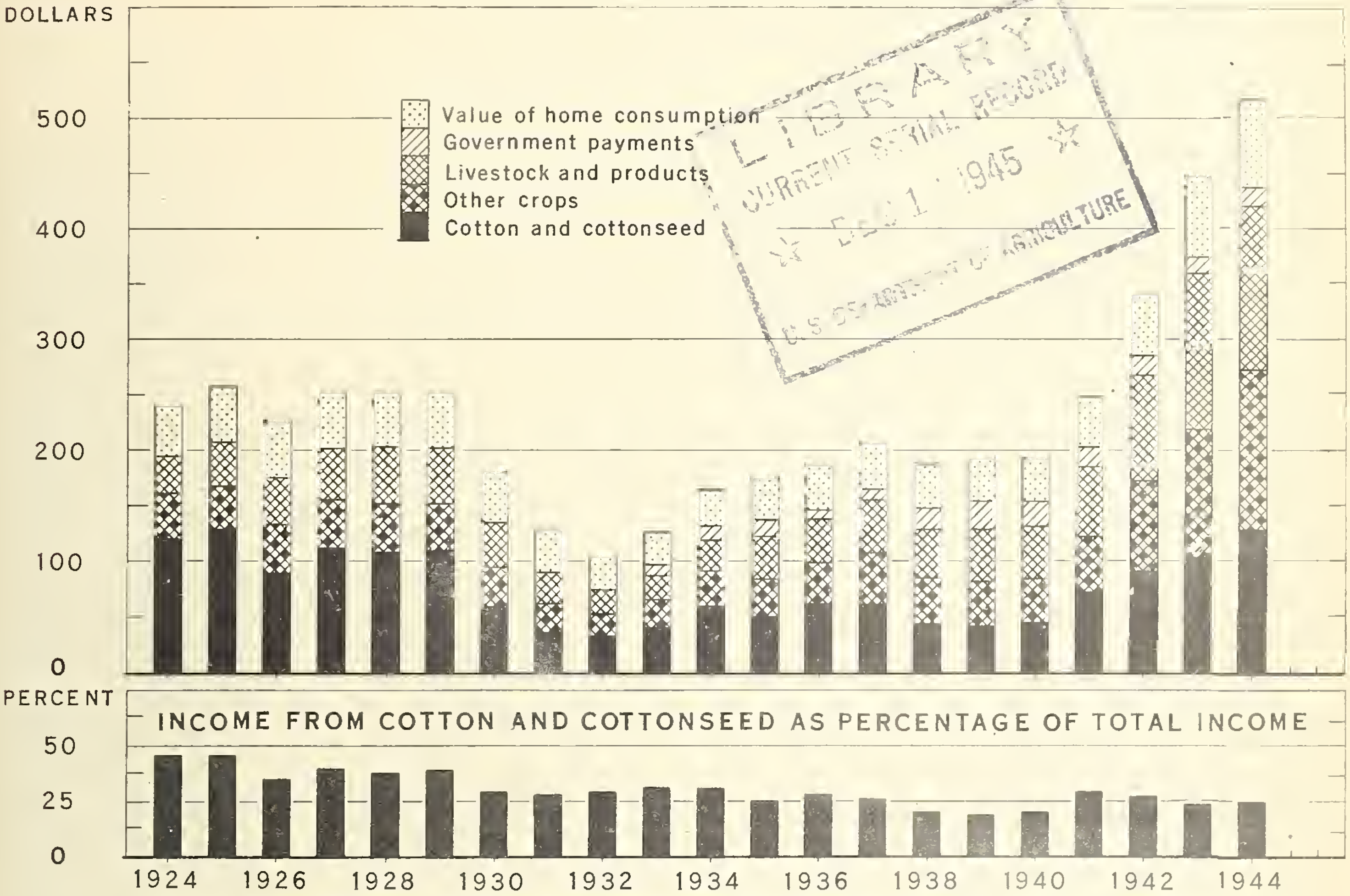
GROSS FARM INCOME PER PERSON IN FARM POPULATION, 10 SOUTHERN STATES, 1924-44*



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*CALENDAR-YEAR INCOME IN N. C., S.C., GA., TENN., ALA., MISS., ARK., LA., OKLA., AND TEX. DIVIDED BY FARM POPULATION ON JANUARY 1 IN THE SAME 10 STATES

U. S. DEPARTMENT OF AGRICULTURE NEG. 45002 BUREAU OF AGRICULTURAL ECONOMICS

Gross farm income per person in the farm population has risen materially in recent years but the percentage of the total contributed by cotton and cottonseed has remained at about 25 percent.

1945 was the first time on record that cotton and cottonseed were less important than "other crops." With existing legislation providing for Government price supports for cotton and a number of other commodities at 90 to 92½ percent of parity for at least 2 more years, the prospects are that at least in those years, the per capita farm income in the South will remain high in comparison with the years immediately prior to the war.

THE COTTON SITUATION

Outlook Issue

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-- November 19, 1945

OUTLOOK ISSUE

Summary

For the fifth successive year cotton farmers are harvesting a cotton crop from which the returns from marketings exceed one billion dollars. On the basis of the crop as estimated in November and assuming that the prices to producers of lint and seed for the full season are the same as in mid-October, returns this season would total about 1.2 billion dollars. This would be slightly lower than in any of the past 3 seasons but larger than in 23 of the past 36 seasons.

Such favorable incomes from cotton as have been received during the past few years would normally have been reflected in increases in cotton acreage. As a matter of fact, however, the acreage of cotton has declined. This decline was occasioned in part by the generally tight farm labor situation, and the favorable income outlook for the less labor-intensive crops. Also, the sharp drop in cotton acreage from 1944 to 1945 was due mostly to adverse weather during the spring.

Practically all factors point to an increased acreage of cotton in 1946, Labor is expected to be more plentiful for the 1946 crop than in recent seasons, as is also the supply of farm machinery, fertilizer, and other farm supplies and equiptment. With Government loan rates for cotton fixed at 92 1/2 percent of parity at least for 1946 and 1947, as provided for by current legislation, and with but little decline in parity in prospect, for 1946, it would seem that the favorable income situation, which has prevailed in recent years, will also typify the 1946 and 1947 seasons unless production falls off greatly. An acreage intermediate between this season's level of 18.4 million acres and the minimum permissible Government allotment of something over 27.0 million acres might be realized. Such an acreage would, with yields equal to the 1940-44 average, result in a production about 2½ million bales larger than is indicated for 1945.

Present indications point to a domestic supply of American cotton in 1945-46 of nearly 20.2 million running bales, of which slightly more than 11 million bales represents carry-over at the beginning of the season and 9.1 million new production. Although the carry-over this season was slightly larger than in 1944, the total supply is 2.5 million bales smaller than last season, and smaller than in any other season since 1936-37. This supply includes an abnormally large quantity of the shorter staples and lower grades.

Mainly as a result of the tight labor situation in the cotton textile industry, domestic consumption has steadily declined since the peak annual rate of nearly 12 million bales was established in April 1942. Last season consumption totaled slightly under 9.6 million bales, although by the end of season it had dropped to a rate of only 8.2 million bales. Some recovery fro this summer low is expected, but it is doubtful if consumption this season wil exceed 9.0 million bales. The supply of raw cotton is abundant and the demand for cotton textiles would justify a somewhat higher level of production, if it were easily obtainable. The failure of consumption to be higher is largely a question of the labor situation and the outlook for profits in cotton mills.

American cotton will face even keener competition than formerly in foreign markets, particularly as ocean-shipping space becomes more plentiful. The August 1 1945 world carry-over of foreign cotton totaled 14.2 million bale slightly smaller than the record level in 1944 but nearly double the level in 1939. Since most of the carry-over of foreign cotton is held in exporting countries, it, too, will be seeking export outlets as soon as conditions permit. The surplus disposal bill, which provides that American cotton can be sold for export at competitive world prices, has improved American cotton's competitive position abroad. However, the effects of the present export subsidy on U. S. exports as shipping becomes more plentiful will be lessened as a result of some countries, particularly the United Kingdom, already having acquired title to considerable cotton in other export countries. Also, since the subsidy rate of 4.00 cents a pound was announced in November 1944, there has been a considerable divergence between the prices of American and foreign growths. This is mainly the result of prices in the United States rising more than the prices of foreign growths, some of which have actually declined. Even so, there are a number of areas that are potential importers of sizable quantities of American cotton this season and next, if an adequate basis for the dealings can be developed. This full utilization of such export possibilities as could be developed would do much to move the low-grade and short stable cotton which bulks so large in the current carry-over. In any event, it appears likely that exports of American cotton may total about 3.0 million bales this season, compared with 2.0 million bales last season, and from 1.1 to 1.5 in the preceding 4 seasons.

With the possibility that both the world consumption and production of foreign-grown cotton will increase moderately, but with little net change in the carry-over of foreign cotton, the outlook is for the total world carry-over of all cotton on August 1, 1946, to be somewhat smaller than in 1945, mainly as a result of the declining carry-over of American cotton. If the domestic consumption of American cotton totaled slightly under 9 million bales and exports totaled about 3 million, the domestic carry-over of American next August 1 would be between 8 and 8½ million bales. However, an acreage intermediate between this season's level and the minimum allotment, with average yields and abandonment, would result in a supply of cotton in 1946-47 of about the same size as in 1945-46.

Although the outlook for the next year or two is for favorable farm returns from cotton, certain highly important unfavorable factors in the longer time outlook should not be ignored. Domestically, rayon consumption has been increasing at a very rapid rate and important gains in rayon and other synthetic fibers are expected to continue during the next several years. At the same time American cotton will meet increased competition in foreign countries both from synthetic fibers and from foreign cotton. Foreign production of rayon in 1942, the latest year for which data are available, was equivalent to to roughly 6-3/4 million bales of cotton, compared with only 1 million bales in 1932. In 1944-45 the total supply of foreign cotton, nearly 27.2 million bales, was 6.9 million bales larger than 10 years earlier.

COTTON PRICES AND FARM RETURNS

Farm Price of Cotton Highest Since 1925

U. S. cotton farmers are receiving the highest prices in many years for the cotton crop they are now harvesting. The mid-month price received by farmers in October, 22.30 cents a pound, was the highest for any month since September 1925. This price represents 103 percent of the October parity price of 21.70 cents a pound. In Mid-November, the 10-market price of Middling 15/16 inch cotton rose to approximately 24.00 cents for the first time since the middle 1920's.

While the favorable prices at which cotton is now selling domestically assure farmers a good return from their 1945 crop, they have the effect of making it more difficult to sell cotton for export. With the subsidy rate at 4.00 cents a pound, as it has been since mid-November of 1944 when it was first announced, the price of Middling 15/16 inch cotton at New Orleans on October 6 was 22.90 cents per pound, or 160 points higher than the average for the 4 weeks preceding the announcement of the export payment rate. At the same time that American cotton has risen 160 points, the price of Brazilian cotton at Sao Paulo has decreased 12 points, the price of Middling 15/16 inch cotton at Torreon, Mexico has declined 82 points, Peruvian Tanguis cotton at Lima has risen 53 points, and Karnak cotton at Alexandria has risen 96 points. Consequently, American cotton is priced for export from 59 to 242 points less favorably relative to the prices of other growths than initially after the announcement of the current subsidy rates last November.

The recent increase in the price of American cotton also has increased cotton costs relative to rayon. On October 11 Middling 15/16 inch cotton at Carolina Group "B" Mill points was priced at 24.09 cents per pound, gross weight, while Strict Middling 1-1/16 inch cotton was priced at 25.89 cents and rayon staple fiber at 25.00 cents. Correcting for waste the price per pound of usable fiber for rayon staple fiber was 26.25 cents per pound. This compares with 27.70 cents for Middling 15/16 inch and 29.77 cents for Strict Middling

1-1/16 inch cotton. In other words, rayon staple fiber was 5 percent cheaper per pound of usable fiber than Middling 15/16 inch cotton and 12 percent cheaper than Strict Middling 1-1/16 inch cotton. These relationships are radically different from those prevailing during the 5 years 1935-39 when rayon staple fiber ranged from 1-3/4 to 2-1/3 times the price of Middling 15/16 inch cotton and from 1-3/5 to better than 2 times the price of Strict Middling 1-1/16 inch cotton. During the next year this further shift in the price relationship between cotton and rayon may not directly reduce the quantity of cotton consumed, inasmuch as all of the rayon that can be produced with present production facilities would be likely to find ready buyers even if price relationships were quite different.

Present legislation provides that loans be made on cotton from the basis of 92.5 percent of parity at least for the 1946 and 1947 crops. While the level at which prices are supported in the United States is higher than in most other countries of the world, qualities of cotton considered, price-supporting programs in one form or another are in rather widespread use. To the extent that such programs hold the price of cotton higher than would otherwise be the case and insofar as comparable programs are not in effect on competitive crops, their effect will be to bring about a higher production than would otherwise prevail.

Returns from Marketings of the 1945 Crop May Be Smallest Since 1941

Cotton farmers are receiving the highest prices in many years for the cotton crops they are now harvesting. The October farm price of 22.30 cents per pound was the highest since September 1925 and was 103 percent of the October parity price of 21.70 cents. The October farm price of cotton seed was $51.00 per ton, which was 129 percent of the parity price of $39.50 per ton. In 1944-45 the season's average price of cotton seed was $52.70 per ton.

Though the farm price of lint is somewhat above last year's weighted average of 20.73 cents per pound and the price of seed slightly lower than a year ago, the outlook is for somewhat lower returns from marketings than in any of the past three seasons, but higher returns than in 23 of the past 36 years. Although no official estimate of returns for the 1945 crops can be made at this time, it is helpful in analyzing the crop outlook to see the effects of various assumed prices. For instance, the crop of 9,368,000 bales would return to farmers 971 million dollars for lint if the price of cotton averaged the same this season as last. An average equal to the October farm price of 22.30 cents per pound would return 1,045 million dollars from the sale of lint. Returns for a crop of the size indicated in the November report may be figured in terms of 46.8 million dollars for each 1 cent of price. Assuming average ratios of seed to lint and an average proportion of the seed sold, returns from the sale of cotton seed would total about 175 million dollars at the 1944-45 season average price and 169 million dollars on the basis of the October farm price. Thus returns from the seed can be figured at about 16.6 million dollars for each $5.00 in the price per ton of seed.

Returns from marketings for lint and seed would, therefore, be about 1,146 million dollars, assuming last season's weighted prices for lint and seed, and 1,214 million dollars on the basis of the October 1945 farm prices. These figures compare with returns of about 1.5 billion dollars in 1944, with 1.3 billion dollars in 1943, with 1.4 billion dollars in 1942 and with the

1935-39 average of 755 million.

Returns from marketings of the 1945 crop appear even more favorable when viewed on a per acre basis. The crop currently being harvested is from the smallest acreage since 1885 and the yield per acre is 249.7 pounds which is the sixth highest on the record, having been exceeded only in 1937, 1940, 1942, 1943, and 1944. With prices the highest in many years and yields also at a very high level, the effect, using October prices, is to give a gross return per harvested acre, of $58.00 from lint and $9.40 from seed, giving a combined return per acre of $67.40. This compares with $74.67 in 1944, when prices were also quite favorable and yields the highest on record. The only other year since data first became available (1909) in which returns per acre were higher than the level indicated for 1945 was in 1919 when the combined return from lint and seed was $69.25 per acre.

Of course the above comparisons have reference only to the gross returns per acre. Another pertinent measure of the well-being of cotton farmers is the purchasing power of the returns per acre. Measured in terms of the index of prices paid by farmers, including interest and taxes, the purchasing power of this season's returns per acre is about 146 percent of the 1910 to 1914 average. This was exceeded only last season and in 1942 when purchasing power of returns was 163 and 150 percent, respectively.

THE OUTLOOK FOR COTTON CONSUMPTION

Further Decline in Cotton Consumption Expected Despite Abundant Supply of Raw Cotton and Tight Textile Situation

Current indications are that domestic cotton consumption will again decline this season and the total consumption of domestically produced and imported cotton in 1945-46 will be about 9.0 million bales, of which only about 125,000 bales will be imported. While this consumption is nearly one-fifth less than the wartime peak of 11,170,000 bales in 1941-42 and one-half million bales below last season's consumption of 9,576,000 bales, it is, nevertheless, well above the prewar record high of slightly under 8.0 million bales and above the annual rate based on consumption in July and August of 8.2 million bales.

Two things that are worthy of emphasis in this connection are that none of the decline in cotton consumption in the last 3½ years is attributable either to a general scarcity of raw cotton or to a lack of would-be buyers of textiles. In fact, a substantially larger quantity of textiles than was actually produced would have found ready buyers at ceiling prices had it been available. The decline in textile production was caused in large part by the tight labor situation.

During the 5 seasons 1935-39 consumption in the United States averaged nearly 7 million bales a year. Virtually all of this quantity was for domestic civilian consumption, inasmuch as the combined military and export demand was negligible. Although the combined military and export demand mounted rapidly, the quantity of goods available to domestic civilians in 1940-41 and 1941-42 appears to have been higher than ever before. Much of the increase took the form of inventory accumulations. In 1942-43 the new supply of cotton textiles available to civilians appears to have been about in line with consumer purchases leaving textile inventories in civilian distributive channels about where they were a year earlier. However, since Government takings continued to increase and total production to decline, the quantity of new production available for domestic civilians in 1943-44 and 1944-45 appears to have been below any recent prewar average. Inventories were consequently materially reduced. This situation prevailed until VJ-Day.

Military purchases of textiles are rapidly falling off. Certain foreign countries would willingly acquire cotton textiles in this country at the present time if supplies were available, but by the time the supplies of textiles are available for export in substantial volume, the textile industries in a number of the foreign countries may have been rehabilitated, thereby removing the incentive to use badly needed foreign exchange for the importation of cotton textiles. Nevertheless, since certain kinds of cotton textiles in civilian distributive channels are especially short and inventories of other lines below normal, demand will probably not be a limiting factor on domestic cotton consumption at any time during the current crop year and perhaps not for some time thereafter.

Eventually, of course, this will no longer be the case. The military demand for textiles will cease to be of particular consequence and the export demand, though possibly of sizable volume until mills in the liberated and enemy areas and in the United Kingdom can be brought back to a fairly high level of production, will taper off. Domestic civilian demand will be in about the same position of dominance as a claimant for textile production as before the beginning of the defense program in 1940.

Substantial Increase Expected in Cotton Consumption in Foreign Countries

Foreign cotton consumption is expected to show a substantial gain this season over the depressed level of 14.3 million bales in 1944-45. Since most of the prospective increase in cotton consumption next year will be in European countries, which must import all of their cotton, American cotton should be in a favorable position to share in the increase. During the last 4 cotton seasons, mills outside the United States consumed only about 1 to 1½ million bales per year. Consequently, the foreign consumption of American cotton in 1945-46 could easily be double the level in any of the past 4 seasons.

Allied and Neutral Countries.--Except in Continental Europe, the consumption of cotton in allied and neutral countries, which were not actually scenes of battle, has been as high as the availability of manpower and textile machinery would permit. In the United Kingdom, the consumption of cotton textiles was drastically reduced by direct Government action in order to release needed manpower for more essential kinds of war production. In most of the other countries cotton consumption was at one time or another during the war period at record or near record high levels, and this is still the case in many countries. In Canada, however, it has dropped materially as the number of textile workers has declined. Despite the high level of cotton consumption in these areas, the demand for textiles has exceeded the output, and there is no indication that consumption of cotton will decrease because of a lack of adequate demand at any time during the current season.

In some of the neutral countries of Europe, consumption of cotton was restricted during the war by the fear on the part of the allies that too liberal supplies of raw cotton might encourage transhipment of cotton or cotton textiles into axis areas. In the months ahead, cotton consumption by these former neutrals will increase.

In the former enemy occupied European areas cotton consumption was drastically reduced during the war and only during the last few months of the 1944-45 season was cotton exported to these areas in any significant volume. Collectively, this group of countries consumed an average of about 5 million bales of cotton per year during the 5-year period 1934-38. Of course, there has been some destruction of textile machinery but, by and large, so far as the entire European area is concerned, there is adequate capacity remaining to prevent processing machinery from becoming a bottleneck to the resumption of cotton textile production, at least until a very substantial level of production is achieved.

Among the conditions that must be favorable in the coming months, if cotton textile production in these countries is to be resumed at a reasonable rate, are: a supply of fuel that is adequate for continuous high level operation; an adequate and reliable supply of labor; adequate supplies of textile raw materials and the necessary foreign exchange and credits for their purchase; and such credits as may be needed to restore a mill to a reasonable working condition; and the necessary working capital to finance the purchase of textile raw materials, meet payrolls, and other operating expenses, and to merchandize the textiles produced.

The supply of coal has been so short in some liberated European countries as to constitute a real obstacle to the rehabilitation of the areas so affected. To some extent this situation may be alleviated by imports of coal, but where this is not practical, the only solution seems to be in increasing the production of coal by European mines. This may be facilitated by the introduction of American machines and know-how.

Generally speaking, labor is not expected to be a significant bottleneck to cotton textile production, and yet in given instances, it will be a factor retarding production. Some mills may have suffered little or no direct damage and yet the houses which normally housed the textile workers may have been destroyed or the workers themselves may have suffered heavy casualties or have gravitated into other employment. Thus, there is the need for providing housing, transporting hired workers from a mill which may have been destroyed to one in operating condition, recruiting and training new workers, etc.

Liberation found the pipeline stocks of cotton and cotton textiles virtually exhausted in most all cases. Such mills as were in operation were relying largely on synthetics, especially rayon staple fiber. Because of the large fuel requirements for manufacturing rayon, synthetic fiber production was drastically curtailed. Consequently, most European textile mills were virtually closed down for some time after liberation. For a good many, the total amount of time to elapse before resuming production was governed by the time it took, or will take, to obtain a sufficient flow of raw cotton to again get back into operation.

Various means have been used to obtain raw cotton. Some of the countries have already had access to cotton in their own colonies. Others may have had nationals who owned cotton in exporting countries and were merely waiting until shipping space was available. Then, too, some of the countries have suffient cash balances with which to buy cotton.

In addition to these methods of obtaining cotton, there were 3 noncommercial ways of financing the importation of cotton -- lend-lease, the direct shipment of cotton by the U. S. Army, and UNRRA. The first of these has been terminated. Only negligible quantities can be moved under the other two programs, for lack of funds. Compared with either the potential capacity of these countries to use cotton or the need of the producing countries to find in them a way of disposing of their excess stocks, these two remaining noncommercial ways (direct shipment by the Army and UNRRA) alone are obviously quite inadequate.

Axis Countries.-- The possible developments with respect to cotton consumption in the three principal aggressor Axis countries, Germany, Italy, and Japan, in the period immediately ahead may be materially different than elsewhere. In addition to the comparative conditions of plant facilities and of the availability of labor, fuel, and local transportation, a possible difference of importance depends on what policies are adopted by the Allied control agencies.

During the 5 years 1928-32 Germany and Italy combined consumed an average of 2,191,000 bales of cotton and produced the equivalent of 303,000 bales of rayon or a total of the two fibers of 2,494,000 bales. During the last 5 prewar years, 1934-38, Germany and Italy combined consumed 1,739,000 bales of cotton and produced 1,050,000 bales of rayon or a total of 2,789,000 bales. Thus, while cotton comprised 88 percent of the total in 1928-32, it comprised only 62 percent in 1934-38. Stated differently, while the total consumption of the two fibers increased 12 percent from 1928-32 to 1934-38, the consumption of cotton declined 21 percent and the production of rayon increased 247 percent.

Between the same periods consumption of cotton in Japan increased from 2,763,000 bales to 3,440,000 bales or 25 percent. The production of rayon increased from 94,000 bales to 852,000 bales or 806 percent and the total of the two fibers from 2,857,000 bales to 4,292,000 bales or 50 percent. Thus, in Japan, cotton declined from 97 percent of the total of these two fibers in 1928-32 to 80 percent of the total in 1934-38. One of the foremost reasons for this increase in synthetic fiber production in the three Axis nations was a conscious Government policy of self-sufficiency. Thus, following the outbreak of war, even though it was necessary to import at least some of the pulpwood or wood pulp needed to supply the rayon industry, the shipping lanes for these products were much shorter and much easier to keep open than those for cotton.

Correcting for imports and exports of textiles, the three Axis countries consumed for their own internal use, an average of about 3.7 million bales of cotton and the equivalent of 1.3 million bales of rayon per year during the 5 years 1934-38.

Division of Foreign Consumption Between American and Foreign Cotton

In addition to the various factors which will affect the level of cotton consumption in foreign countries, factors which relate to how the total market will be divided between American and the various foreign growths are also important. Traditionally, much of the cotton consumed abroad was produced in the United States. However, the percentage that American was of all cotton consumed in foreign countries declined from a peak of about 50 percent in 1927, to 40 percent in 1933, and to less than 15 percent in recent years.

One of the factors which has discouraged the foreign importation of American cotton has been the tendency of prices in the United States to be supported at levels higher than essentially comparable growths of foreign cotton. This has been especially true since 1941, although the level of international trade since that time has been greatly reduced because of the war and the accompanying tight shipping situation. The export subsidy program, which has been in effect since November 15, 1944, and is designed to permit the sale of American cotton at "competitive world prices," enables American cotton to be priced more favorably relative to competitive growths than in a number of recent years. In addition to the actual price at which cotton is quoted, there are also problems of credits and the availability of foreign exchange. Plans are now being negotiated toward the end of developing adequate financial arrangements to facilitate the importation of American cotton into foreign countries.

Something was accomplished in the closing months of the 1944-45 season in getting cotton to European mills in which textile production could be begun. No data are at hand on the total imports of cotton or on the exports from foreign countries to European countries, but information relating to exports from the United States are available. Exports of American cotton to various European countries last season are shown in the following table along with comparable data for the 5-year period 1934-38.

Country or Area	1934-38 average	1944-45	
		Actual	Percent of 1934-38 average
	1,000 running bales	1,000 running bales	Percent
France	553	509	92
Belgium	137	93	68
Czechoslovakia	61	33	54
Greece	2	22	1100
Yugoslavia	9	22	244
Netherlands	79	21	27
Poland and Danzig	209	20	10
Switzerland	2	9	450
Norway	12	5	42
Sweden	87	2	2
Spain	93	258	277
United Kingdom	1,049	643	61
Other Europe	1,098	0	---
Total Europe	3,391	1,637	48
Canada	251	364	145
Other countries	1,385	5	*
Total all countries	5,027	2,007	40

* Less than .5.

These data indicate that some countries received nearly as much and some slightly more American cotton last season than their 1934-38 average. It must be noted, however, that because of the depleted stocks situation in all European countries, except the United Kingdom and Spain, much of the first cotton imported must be used for reestablishing the pipeline. Consequently, unless other cotton is forthcoming only a comparatively small quantity of these imports will be available in the form of textiles for civilian consumption in the near future.

PRESENT AND PROSPECTIVE SUPPLIES

Outlook is for Sharp Decline In Carry-Over in 1946

Present indications are that the domestice carry-over of American cotton on August 1, 1946, will be substantially smaller (2.8 million bales) than a year earlier.

The domestic supply of American cotton for 1945-46, based on November production indications, will be about 20.2 million running bales, or 2.5 million bales smaller than in 1944-45, and the smallest of any season since 1936-37. Included in this supply is a carry-over of about 11.0 million bales, which is about 400,000 bales larger than a year earlier and a production (end-of-season ginnings with an adjustment for city crop) of about 9.1 million running bales, which is about 2.9 million bales smaller than in 1944-45.

Prospective disappearance (domestic consumption, exports, and destroyed) may total about 11.9 million bales, or about 400,000 bales more than last season. Of this quantity consumption is now expected to total about 8.9 million bales. This compares with a domestic consumption of American cotton of 9.5 million bales and a total consumption of 9.6 million bales in 1944-45. With the domestic supply of American cotton currently estimated at nearly 20.2 million blaes, and prospective disappearance at about 11.9 million, the indicated carry-over on August 1, 1946 would be about 8.3 million bales, or about 25 percent less than on August 1, 1945. However, this is still a large carry-over. It has been exceeded only in 1932 and in the 8 years from 1938-44.

On August 1, the beginning of the marketing year, there was a very large carry-over of some of the shorter staples and poorer grades — the qualities bought primarily by China, Japan, and Germany before the war. At the same time, there was a shortage of the longer staples and better grades that are popular in domestic mills. Apparently, the crop this year will have about the same distribution of staple lengths but a larger share in the lower grades than the crop last year. Consequently, the carry-over at the end of this marketing year may be as unbalanced as it was at the beginning, unless large quantities of the lower grades and shorter staples are exported.

Outlook Favorable for 1946 United States Production

Such incomes from cotton as have been received during the past few years would normally have been reflected in increases of cotton acreage. As a matter of fact, however, the acreage of cotton has declined. This decline was occasioned in part by the combination of a generally tight farm labor situation with a favorable income outlook for the less labor-intensive crops. Also, the sharp drop in cotton acreage from 1944 to 1945 was due to a considerable extent to adverse weather during the spring.

Practically all factors point to an increased acreage of cotton in 1946; and continued favorable returns from marketing. Labor is expected to be more plentiful for the 1945 crop than in recent seasons, as is also the supply of farm machinery, fertilizer, and other farm supplies and equipment. With Government loan rates for cotton fixed at 92 1/2 percent of parity at least for 1946 and 1947, as provided for by current legislation, and with but little decline in parity in prospect for 1946, it would seem that the favorable income situation, which has prevailed in recent years, will also typify the 1946 and 1947 seasons unless production falls off greatly. An acreage intermediate between this season's level of 18.4 million acres and the minimum permissible Government allotment of something over 27.0 million acres might be realized. Such an acreage, with yields equal to the 1940-44 acreage, would result in a production about 2 1/2 million bales larger than is indicated for 1945 and a supply about the same as is indicated for the current season.

Carry-Over of Foreign Cotton on August 1, 1946, Expected To Continued Near Record Levels

It now appears likely that the carry-over of foreign cotton next August 1 will continue to be near record levels. The carry-over of foreign cotton on August 1, 1945, is currently estimated at about 14.2 million bales. This is slightly smaller than the record carry-over of about 14.4 million bales in 1944, but nearly twice as large as the carry-over of foreign cotton at the outbreak of World War II. Both production and consumption of foreign cotton are expected to rise this season from the depressed level in 1944-45, and carry-over probably will show little change.

Some Reduction in World Carry-Over Likely by August 1, 1946

It is entirely likely that the total consumption of all cotton in the world this season may be larger than production. This results largely from the decline in production of American cotton. The production and consumption of foreign-produced cotton are both expected to increase, but the world consumption of American cotton is expected to increase materially while production declines. Consequently, the carry-over of all cotton in the world is likely to decline by about 2 million bales, which is about the same as the expected decline in the carry-over of American cotton.

SOME ASPECTS OF LONGER-TIME OUTLOOK FOR COTTON

Over a somewhat longer period of time than just the present season, several developments are of the utmost importance to cotton in general and to American cotton in particular. Between 1932 and 1942, rayon production increased on an average of 18 percent per year in the United States, and 23 percent per year in foreign countries. The world production of rayon in 1932 was 535 million pounds, the equivalent of approximately 1 1/4 million bales of raw cotton, but by 1942 rayon production was 3,473 million pounds or the equivalent of nearly 8 1/4 million bales of cotton. Of these quantities the United States accounted for 25 percent of the rayons produced in 1932 and 18 percent in 1942.

In addition to the great increase in total rayon production, there was been a marked change in the composition of the rayon produced. In 1932, rayon stap fiber accounted for only 3 percent of the total rayon production, but by 1942 it r accounted for 58 percent of the total for the world and 66 percent of the total for foreign countries. The wide adaptability of staple fiber has been an important factor contributing to its phenomenal growth, although a substantial part of the increased world production of staple fiber resulted from efforts by the totalitarian countries (Germany, Japan, and Italy) to become self-sufficient. Its versatility and adaptability for various uses, either separately or in blending with other fibers, have permitted the development of much larger variety of fabrics, style effects, and designs. The facts that the spinning equipment of cotton mills is very easily converted from cotton to staple fiber and that costs of producing rayon staple fiber are much lower than filament yarn are important factors contributing to the tremendous increase in staple fiber production and to the seriousness of rayon's competition with cotton.

The shortage of foreign exchange on the part of these and other foreign countries for use in importing cotton and other fibers was due in part to the high tariff rates imposed on goods imported into the United States and other countries but probably in larger measure to the higher priority placed on other imported products which required foreign exchange, and in the case of the Axis Powers, made important contributions to their preparations for war. Cotton production-control and cotton price-support policies, through their effects on cotton prices, have also affected domestic and foreign production and consumption of rayon.

The war stimulated the production of rayon, especially in the Axis-controlled areas (at least up through 1942), where supplies of cotton and wool were largely restricted by blockade. In Great Britain and possibly a few other but smaller rayon-producing countries, production has declined, but in most non-Axis controlled countries production was expanding, at least until 1942.

In connection with the outlook for the years ahead, it is highly significant that most important foreign rayon-producing countries were formerly important cotton-manufacturing countries which imported most of their raw cotton. In these countries the production of rayon instead of cotton textiles permitted important savings of monetary balances held in foreign countries. The usual source of cellulose is wood pulp, which is normally available to these countries at costs equivalent to not more than 4 or 5 cents a pound of fiber and often with no expenditures whatever of foreign exchange. Countries with well developed chemical industries have available domestically nearly all of the materials other than pulp needed in rayon production. In the event future international trade and monetary relations are such that foreign countries are hard pressed for foreign exchange, the Governments of these countries may limit the importation of cotton and other natural fibers, and in other ways encourage increased production of rayon and other synthetic fibers. Such substitution of rayon for cotton was particularly important in Germany, Italy, and Japan in the late 1930's and may continue to be important. In the United Kingdom the loss of external sources of income during the war and heavy indebtedness to the United States could make the same considerations applicable there, especially with respect to the importation of American cotton. France and some of the other countries that have been under Axis control may find that in the reconstruction period demands for foreign exchange will dictate at least some forced substitution of rayon for cotton and wool. Where unemployment is a problem, the additional labor involved in producing rayon may also give foreign Governments an incentive to encourage rayon production and consumption, at the expense of imported cotton.

Another factor which may place American cotton at some disadvantage, compared with other growths, is the tendency which may exist in some importing countries to use their dollar exchange to buy products which are not readily available elsewhere -- in most cases manufactured articles -- while buying their cotton from other cotton-producing countries.

In the United States the trend of rayon production is also expected to continue upward, but at a much slower rate than in the past. The same seems to be a reasonable expectation in regard to total domestic synthetic fiber production, even though nylon and some of the other synthetic fibers may expand at a very rapid rate in the years immediately ahead. The extent of the increase will be influenced by the extent of technological developments in synthetic fiber manufacture, particularly in rayon staple fiber and by relative prices of synthetic fiber, cotton, and wool. To a lesser degree, the increases may also be influenced by technological developments in processing and marketing of cotton and wool, as well as by a number of other factors affecting the competitive position of these natural and synthetic fibers.

Another significant development, which has definite implications in the longer-time outlook for American cotton exports, is the shift of cotton textile production from cotton-importing to cotton-producing countries. Prior to the war, quite a large number of cotton-producing countries were dependent on certain European countries and Japan for a large part of their cotton textiles. The cutting off of these supplies during the war stimulated the highest level of cotton textile production and cotton consumption that the mill facilities in the cotton-producing countries could achieve. Two of the most important countries whose cotton textile production has been greatly increased during the war are India and Brazil. Both of these countries had been sizable importers of cotton textiles before the war but, as a result of expansion in cotton textile production during the war, have emerged as cotton textile exporters. This type of development has the effect of not only narrowing the scope for exports of cotton textiles, but also adds to the competition for the remaining markets. Since the textiles produced in these countries are produced from domestically-grown cotton, they have the effect of increasing the demand for foreign and decreasing the demand for American cotton. The proportion of American cotton entering international trade is thereby reduced.

In appraising the longtime outlook for American cotton, it is important to remember certain basic concepts. In the first place, world demand for and consumption of textile fibers as a whole, of which cotton is still by far the most important, are determined chiefly by the general level of industrial production and consumer incomes. A high level of economic activity increases industrial uses of cotton, particularly in the United States where such uses are more important than in other countries. Large consumer incomes are reflected in a greater demand for clothing and household goods. Furthermore, favorable business conditions create profitable market outlets for farm products which compete with cotton for land and labor and provide attractive nonfarm employment opportunities for Southern farm workers. Depressed business activity and widespread unemployment have exactly the opposite effects. Consequently, favorable prices and incomes for cotton farmers are in no small degree dependent upon general economic prosperity in the United States and throughout the world as a whole.

On the other hand, however, the share of cotton in the total textile market is governed by a different set of factors. These center chiefly around relative utilities and relative prices. If technological developments lower the cost of producing and processing, or extend the range of usefulness and attractiveness of competing fibers, or if cotton prices are kept at an artifically high level relative to prices of other fibers, these latter will be substituted for cotton and the demand for cotton will be lower than otherwise would be the case. As has been pointed out earlier, during recent years cotton has lost ground to synthetic fibers for these very reasons.

In addition, the market for American cotton is partly dependent upon how the total world cotton consumption is divided between American and foreign growths. Unless the scale of American production is to be further curtailed, a significant portion of the crop must be sold abroad. In foreign markets the price and quality competition between American and foreign cotton is fierce and direct. If the substitution of foreign for American cotton which took place during the 1930's is not to be continued in the postwar period, American cotton must be sold at a price which is competitive with foreign growths.

Table 1.- Gross farm income, 10 Cotton States, 1924-44 1/

Year	Gross farm income										Income from cotton and cottonseed as a percentage of	
	Cotton and cotton-seed	Other crops	All crops	Livestock and products	Cash income from sales	Govern-ment payments	Total cash income	Value of home con-sumption	Total gross income		Cash income from sales	Total gross income
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars		Percent	Percent
1924:	1,586,614	539,006	2,125,620	456,091	2,581,711	-	2,581,711	602,288	3,183,999		61	50
1925:	1,697,884	513,927	2,211,811	527,598	2,739,409	-	2,739,409	660,438	3,399,847		62	50
1926:	1,170,602	589,528	1,760,130	546,717	2,306,847	-	2,306,847	685,639	2,992,486		51	39
1927:	1,450,206	577,968	2,028,174	595,228	2,623,402	-	2,623,402	646,280	3,269,682		55	44
1928:	1,392,805	568,685	1,961,490	680,074	2,641,564	-	2,641,564	632,507	3,274,071		53	43
1929:	1,425,242	549,755	1,974,997	669,279	2,644,276	-	2,644,276	648,437	3,292,713		54	43
1930:	774,610	460,725	1,235,335	534,414	1,769,749	-	1,769,749	593,203	2,362,952		44	33
1931:	466,704	339,719	806,423	376,979	1,183,402	-	1,183,402	498,407	1,681,809		39	28
1932:	436,041	262,590	698,631	288,285	986,916	-	986,916	401,829	1,388,745		44	31
1933:	547,103	329,046	876,149	308,559	1,184,708	111,240	1,295,948	403,850	1,699,798		46	32
1934:	794,978	429,198	1,224,176	365,261	1,589,437	170,315	1,759,752	450,839	2,210,591		50	36
1935:	666,422	459,704	1,126,126	465,249	1,591,375	203,104	1,794,479	522,793	2,317,272		42	29
1936:	824,853	491,375	1,316,228	518,955	1,835,183	83,497	1,918,680	544,376	2,463,056		45	33
1937:	800,497	606,848	1,407,345	625,394	2,032,739	127,057	2,159,796	561,835	2,721,631		39	29
1938:	582,474	532,555	1,115,029	577,347	1,692,376	234,682	1,927,058	519,347	2,446,405		34	24
1939:	550,976	521,725	1,072,701	604,341	1,677,042	328,467	2,005,509	509,080	2,514,589		33	22
1940:	582,414	502,301	1,084,715	612,704	1,697,419	290,576	1,987,995	500,576	2,488,571		34	23
1941:	920,205	642,195	1,562,400	803,803	2,366,203	225,905	2,592,108	566,006	3,158,114		39	29
1942:	1,117,533	987,658	2,105,191	1,169,254	3,274,445	219,143	3,493,588	673,589	4,167,177		34	27
1943:	1,193,645	1,235,903	2,429,548	1,576,644	4,006,192	173,364	4,179,556	822,192	5,001,748		30	24
1944:	1,344,793	1,512,236	2,857,029	1,537,557	4,394,586	187,142	4,581,728	849,480	5,431,208		31	25

1/ Calendar-year income in North Carolina, South Carolina, Georgia, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma and Texas.

Table No.5 2.-Gross farm income per person in farm population, 10 Southern States, 1924-44 1/

Year	Farm population January 1	Gross farm income	Gross income per capita from - Cotton and cottonseed	Other crops	All crops	Livestock and products	All sales	Government payments	Sales plus Government payments	Value of home consumption	Gross income
	Thousands	Mil. dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
1924	13,226	3,184	120	41	161	34	195			46	241
1925	13,240	3,400	128	39	167	40	207			50	257
1926	13,196	2,992	89	44	133	42	175			52	227
1927	12,966	3,270	112	44	156	46	202			50	252
1928	12,998	3,274	107	44	151	52	203			49	252
1929	13,076	3,293	109	42	151	51	202			50	252
1930	13,072	2,363	59	36	95	41	136			45	181
1931	13,097	1,682	36	26	62	29	91			38	129
1932	13,231	1,389	33	20	53	22	75			30	105
1933	13,553	1,700	40	25	65	23	88	8	96	30	126
1934	13,443	2,211	59	32	91	27	118	13	131	33	164
1935	13,393	2,317	50	34	84	35	119	15	134	39	173
1936	13,274	2,463	62	37	99	39	138	7	145	41	186
1937	13,134	2,722	61	46	107	48	155	9	164	43	207
1938	13,100	2,446	44	41	85	44	129	18	147	40	187
1939	13,049	2,515	42	40	82	47	129	25	154	39	193
1940	12,917	2,489	45	39	84	47	131	23	154	39	193
1941	12,762	3,158	72	50	122	63	185	18	203	44	247
1942	12,297	4,167	91	80	171	95	266	18	284	55	339
1943	11,162	5,002	107	111	218	141	359	15	374	74	448
1944	10,488	5,431	128	144	272	147	419	18	437	81	518

1/ Calendar-year income in N. C., S. C., Ga., Tenn., Ala., Miss., Ark., La., Okla., and Texas divided by farm population on January 1 in the same 10 States.

Table 3. - Cotton and cottonseed: Returns from marketings and Government payments, 1909-45

Crop year	Returns from marketings			Government payments	Returns including Government payments
	Cotton lint	Cottonseed	Total		
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1909	676,558	79,597	756,155		
1910	810,507	107,189	917,696		
1911	756,989	84,522	841,511		
1912	787,645	84,076	871,721		
1913	882,502	106,417	988,919		
1914	592,192	89,504	681,696		
1915	626,897	126,416	753,313		
1916	993,514	205,220	1,198,734		
1917	1,528,535	273,638	1,802,173		
1918	1,735,227	290,709	2,025,936		
1919	2,016,075	262,703	2,278,778		
1920	1,066,759	105,161	1,171,920		
1921	675,500	84,343	759,843		
1922	1,116,133	97,870	1,214,003		
1923	1,454,714	135,145	1,589,859		
1924	1,561,021	152,529	1,713,550		
1925	1,578,674	174,203	1,752,877		
1926	1,121,185	140,238	1,261,423		
1927	1,308,088	159,720	1,467,808		
1928	1,302,049	173,754	1,475,803		
1929	1,244,852	155,288	1,400,140		
1930	659,044	103,492	762,536		
1931	483,639	50,432	534,071		
1932	424,013	46,945	470,958		
1933	663,516	53,571	717,087	181,025	898,112
1934	595,615	112,782	708,397	115,226	823,621
1935	590,137	114,522	704,659	1/ 160,222	864,881
1936	764,433	150,767	915,200	86,884	1,002,084
1937	796,179	129,208	925,387	2/ 191,742	1,117,129
1938	513,638	92,806	606,444	142,595	749,039
1939	536,923	86,150	623,073	215,012	838,085
1940	621,380	97,552	718,932	198,316	917,248
1941	914,313	188,691	1,103,004	184,957	1,287,961
1942	1,219,716	205,974	1,425,690	80,167	1,505,857
1943	1,135,605	207,472	1,343,077	74,204	1,417,281
1944	1,267,640	226,399	1,494,039	0	1,494,039
1945 3/	1,044,532	169,218	1,213,750	0	1,213,750

1/ Includes payments under 1935 Cotton Price Adjustment Program made mostly in 1936. 2/ Includes payments under 1937 Cotton Price Adjustment Program made mostly in 1938. 3/ Preliminary. Based on November production and October prices. Compiled from reports of the Bureau of Agricultural Economics and of the Field Service Branch, Production and Marketing Administration.

Table 4.- Returns per acre of cotton, prices paid including interest and taxes, and purchasing power of returns per acre of cotton, United States, 1909-45

Year beginning Aug. 1	Returns from marketing of cotton lint and cottonseed per acre of cotton harvested: Actual	Returns from marketing of cotton lint and cottonseed per acre of cotton harvested: Index numbers 1909-13 = 100	Returns including Government payments: Actual	Returns including Government payments: Index numbers 1909-13 = 100	Index of prices paid by farmers including interest and taxes 1/ 1910-14=100	Index of purchasing power of returns per acre of cotton harvested: Excluding Government payments	Index of purchasing power of returns per acre of cotton harvested: Including Government payments
	Dollars		Dollars				
1909	24.75	93			---	---	
1910	29.13	110			98	112	
1911	24.10	91			100	91	
1912	26.78	101			101	100	
1913	28.09	106			102	104	
1914	19.14	72			104	69	
1915	25.15	95			116	82	
1916	36.25	136			136	100	
1917	55.89	210			160	131	
1918	57.82	218			186	117	
1919	69.25	261			200	130	
1920	34.06	128			184	70	
1921	26.50	100			164	61	
1922	38.71	146			166	88	
1923	44.72	168			166	101	
1924	43.38	163			169	96	
1925	39.49	149			169	88	
1926	28.28	106			167	63	
1927	38.28	144			167	86	
1928	34.78	131			167	78	
1929	32.39	122			164	74	
1930	17.97	68			150	45	
1931	13.80	52			130	40	
1932	13.12	49			118	42	
1933	24.40	92	30.57	115	127	72	91
1934	26.37	99	30.66	115	131	76	88
1935	25.62	96	31.44	118	127	76	93
1936	30.76	116	33.68	127	134	87	95
1937	27.52	104	33.23	125	130	80	96
1938	25.10	94	30.89	116	124	76	94
1939	26.17	98	35.21	133	126	78	106
1940	30.13	113	38.44	145	128	88	113
1941	49.60	187	57.92	218	145	129	150
1942	63.08	237	66.62	251	158	150	159
1943	62.03	233	65.46	246	168	139	146
1944	74.67	281	74.67	281	172	163	163
1945 2/	67.40	254	67.40	254	174	146	146

1/ Prior to 1923 average of successive calendar years; 1923 to date on August 1 year. 2/ Preliminary.

Compiled from official sources.

Table 5.- Cotton, American Upland: Supply and distribution, by grade, and staple length, 1943-45

Staple length and grade 1/	Year beginning August 1943-44 Supply Carry-over	1943-44 Supply Production	1943-44 Supply Total	1943-44 Disappearance	1944-45 Supply Carry-over Actual	1944-45 Supply Carry-over Percentage of 1943-44 disappearance	1944-45 Supply Production	1944-45 Supply Total	1944-45 Disappearance	1945-46 Carry-over Government held 2/	1945-46 Carry-over Other	1945-46 Carry-over Total	Percentage of 1944-45 disappearance
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	Per cent	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	Per cent
29/32" & shorter													
S.M. & higher 3/	93	224	317	158	159	101	29	188	79	72	37	109	138
Middling	937	858	1,795	674	1,121	166	469	1,590	534	898	158	1,056	198
S.L.M. 4/	1,588	704	2,292	717	1,575	220	724	2,299	741	1,337	221	1,558	210
L.M. & lower 5/	1,168	329	1,497	500	997	199	658	1,655	519	927	209	1,136	219
Total	3,786	2,115	5,901	2,049	3,852	188	1,880	5,732	1,873	3,234	625	3,859	206
15/16" - 1"													
S.M. & higher 3/	161	622	783	432	351	81	127	478	288	30	160	190	66
Middling	841	1,611	2,452	1,368	1,084	79	1,448	2,532	1,722	238	572	810	47
S.L.M. 4/	1,058	1,886	2,944	1,676	1,268	76	1,816	3,084	2,022	533	529	1,062	53
L.M. & lower 5/	1,192	724	1,916	825	1,091	132	1,119	2,210	826	942	442	1,384	168
Total	3,252	4,843	8,095	4,301	3,794	88	4,510	8,304	4,858	1,743	1,703	3,446	71
1-1/32"-1-3/32"													
S.M. & higher 3/	372	672	1,044	568	476	84	317	793	333	179	281	460	138
Middling	1,073	1,307	2,380	1,565	815	52	1,001	2,716	1,565	364	787	1,151	74
S.L.M. 4/	862	1,327	2,189	1,487	702	47	2,087	2,789	1,796	385	608	993	55
L.M. & lower 5/	450	306	756	416	340	82	796	1,136	579	265	292	557	96
Total	2,757	3,612	6,369	4,036	2,333	58	5,101	7,434	4,273	1,193	1,968	3,161	74

-- Continued

Table 5 .- Cotton, American Upland: Supply and distribution, by grade and staple length, 1943-45 - Continued

Staple length and grade 1/	Year beginning August												
	1943-44				1944-45					1945-46			
	Supply				Supply					Carry-over			
					Carry-over								
	Carry-over	Production	Total	Disappearance	Actual	Percentage of 1943-44 disappearance	Production	Total	Disappearance	Government held 2/	Other	Total	Percentage of 1944-45 disappearance
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	Per-cent	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	Per-cent
-1/8 " & longer													
S.M. & higher 3/	183	141	324	158	166	105	33	199	87	35	77	112	129
Middling	307	202	509	285	224	79	148	372	136	83	153	236	174
S.L.M. 4/	199	135	334	176	158	90	130	288	129	60	99	159	123
L.M. & lower 5/	46	21	67	35	32	91	29	61	28	16	17	33	118
Total	735	499	1,234	654	580	89	340	920	380	194	346	540	142
11 lengths													
S.M. & higher 3/	809	1,659	2,468	1,316	1,152	88	506	1,658	787	316	555	871	111
Middling	3,158	3,978	7,136	3,892	3,244	83	3,966	7,210	3,957	1,583	1,670	3,253	82
S.L.M. 4/	3,707	4,052	7,759	4,056	3,703	91	4,757	8,460	4,688	2,315	1,457	3,772	80
L.M. & lower 5/	2,856	1,380	4,236	1,776	2,460	139	2,602	5,062	1,952	2,150	960	3,110	159
Total	10,530	11,069	21,599	11,040	10,559	96	11,831	22,390	11,384	6,364	4,642	11,006	97

1/ Including equivalent grades.
2/ Excludes Form "G" cotton held by cooperatives.
3/ Strict Middling and higher.
4/ Strict Low Middling.
5/ Low Middling and lower.

Compiled from records and reports of the Cotton Branch, Production and Marketing Administration and the Commodity Credit Corporation.

Table 6.- Cotton, American: World supply and consumption, 1920-45

Year beginning Aug.	Supply							Mill consumption 1/		
	Carry-over Aug. 1									
	United States									
	Loan stocks	Other stocks	Total	Foreign countries	World total carry-over	World production	World total supply	United States	Foreign countries	World total consumption
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1920	0	3,541	3,541	2,797	6,338	13,664	20,002	4,677	5,591	10,268
1921	0	6,724	6,724	2,950	9,674	8,285	17,959	5,613	6,596	12,209
1922	0	3,156	3,156	2,524	5,680	10,124	15,804	6,325	6,124	12,449
1923	0	2,129	2,129	1,189	3,318	10,330	13,648	5,353	5,564	10,917
1924	0	1,439	1,439	1,272	2,711	14,006	16,717	5,917	7,394	13,311
1925	0	1,503	1,503	1,877	3,380	16,181	19,561	6,176	7,834	14,010
1926	0	3,413	3,413	2,088	5,501	18,162	23,663	6,880	8,868	15,748
1927	0	3,662	3,662	4,183	7,845	12,957	20,802	6,535	9,041	15,576
1928	0	2,425	2,425	2,781	5,206	14,555	19,761	6,778	8,448	15,226
1929	0	2,131	2,131	2,386	4,517	14,716	19,233	5,803	7,218	13,021
1930	2/1,312	3,010	4,322	1,865	6,187	13,873	20,060	5,084	5,972	11,056
1931	2/3,393	2,870	6,263	2,713	8,976	16,877	25,853	4,744	7,784	12,528
1932	2/2,379	7,201	9,580	3,683	13,263	12,961	26,224	6,004	8,381	14,385
1933	1,129	6,952	8,081	3,728	11,809	12,712	24,521	5,553	8,227	13,780
1934	3,002	4,646	7,648	3,053	10,701	9,576	20,277	5,241	5,965	11,206
1935	5,088	2,049	7,137	1,904	9,041	10,495	19,536	6,221	6,282	12,503
1936	3,237	2,099	5,336	1,662	6,998	12,375	19,373	7,768	5,325	13,093
1937	1,665	2,722	4,387	1,848	6,235	18,412	24,647	5,616	5,179	10,795
1938	6,964	4,482	11,446	2,341	13,787	11,665	25,452	6,736	4,513	11,249
1939	11,049	1,907	12,956	1,181	14,137	11,418	25,555	7,655	5,221	12,876
1940	8,733	1,736	10,469	2,073	12,542	12,305	24,847	9,576	2,291	11,867
1941	7,047	4,979	12,026	771	12,797	10,628	23,425	10,974	1,186	12,160
1942	4,218	6,287	10,505	660	11,165	12,604	23,769	10,930	1,313	12,243
1943	4,608	5,961	10,569	817	11,386	11,161	22,547	9,829	1,250	11,079
1944 3/			10,626	794	11,420	12,004	23,424	9,448	1,500	10,948
1945 3/			11,040	1,364	12,404					

1/ Excluding from 18,000 to 183,000 bales destroyed annually.
2/ Probably includes some futures, the exact amount of which is not known.
3/ Preliminary and partly estimated.
Compiled from reports of the Bureau of the Census, the New York Cotton Exchange Service, the Commodity Credit Corporation, and estimates by the Department of Agriculture.

Table 7 .- Cotton, foreign: World supply and consumption, 1920-45

Year beginning Aug.	Supply					Mill consumption 1/		
	Carry-over August 1			World production	World total supply	United States	Foreign countries	World total consumption
	United States	Foreign countries	World total carry-over					
	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/
1920	283	5,131	5,414	6,964	12,378	216	6,667	6,883
1921	172	5,323	5,495	6,888	12,383	297	7,272	7,569
1922	166	4,648	4,814	8,327	13,141	341	8,547	8,888
1923	196	4,057	4,253	8,760	13,013	328	8,782	9,110
1924	117	3,786	3,903	10,088	13,991	276	9,147	9,423
1925	107	4,461	4,568	10,562	15,130	280	9,878	10,158
1926	129	4,843	4,972	9,768	14,740	310	9,621	9,931
1927	100	4,709	4,809	10,386	15,195	299	9,567	9,866
1928	111	5,218	5,329	11,247	16,576	313	10,239	10,552
1929	182	5,842	6,024	11,535	17,559	303	11,551	11,854
1930	208	5,497	5,705	11,503	17,208	179	11,197	11,376
1931	107	5,725	5,832	9,602	15,434	122	10,239	10,361
1932	98	4,975	5,073	10,500	15,573	133	10,133	10,266
1933	83	5,224	5,307	13,354	18,661	147	11,675	11,822
1934	96	6,743	6,839	13,466	20,305	120	14,154	14,274
1935	71	5,960	6,031	15,646	21,677	130	14,896	15,026
1936	73	6,578	6,651	18,354	25,005	182	17,363	17,545
1937	112	7,348	7,460	18,333	25,793	132	16,646	16,778
1938	87	8,828	8,915	15,844	24,759	122	17,136	17,258
1939	77	7,424	7,501	15,908	23,409	129	15,481	15,610
1940	95	7,635	7,730	16,352	24,082	146	14,529	14,675
1941	140	9,167	9,307	15,493	24,800	196	13,100	13,296
1942	135	11,319	11,454	13,974	25,428	170	12,477	12,647
1943	88	12,593	12,681	14,500	27,181	114	12,586	12,700
1944 3/	118	14,262	14,380	12,800	27,180	120	12,800	12,920
1945 3/	124	14,036	14,160					

1/ Excludes from 50,000 to 100,000 bales destroyed annually for recent years.

2/ 478 pounds net weight.

3/ Preliminary and partly estimated.

Compiled from reports of the Bureau of the Census, the New York Cotton Exchange Service, and estimates by the Department of Agriculture.

Table 8.- Cotton, all kinds: World supply and consumption, 1920-45

Year beginning Aug.	Supply					Mill consumption 1/		
	Carry-over Aug. 1			World production	World total supply	United States	Foreign countries	World total consumption
	United States	Foreign countries	World total carry-over					
	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/
1920	3,824	7,928	11,752	20,628	32,380	4,893	12,258	17,151
1921	6,896	8,273	15,169	15,173	30,342	5,910	13,868	19,778
1922	3,322	7,172	10,494	18,451	28,945	6,666	14,671	21,337
1923	2,325	5,246	7,571	19,090	26,661	5,681	14,346	20,027
1924	1,556	5,058	6,614	24,094	30,708	6,193	16,541	22,734
1925	1,610	6,338	7,948	26,743	34,691	6,456	17,712	24,168
1926	3,542	6,931	10,473	27,930	38,403	7,190	18,489	25,679
1927	3,762	8,892	12,654	23,343	35,997	6,834	18,608	25,442
1928	2,536	7,999	10,535	25,802	36,337	7,091	18,687	25,778
1929	2,313	8,228	10,541	26,251	36,792	6,106	18,769	24,875
1930	4,530	7,362	11,892	25,376	37,268	5,263	17,169	22,432
1931	6,370	8,438	14,808	26,479	41,287	4,866	18,023	22,889
1932	9,678	8,658	18,336	23,461	41,797	6,137	18,514	24,651
1933	8,164	8,952	17,116	26,066	43,182	5,700	19,902	25,602
1934	7,744	9,796	17,540	23,042	40,582	5,361	20,119	25,480
1935	7,208	7,864	15,072	26,141	41,213	6,351	21,178	27,529
1936	5,409	8,240	13,649	30,729	44,378	7,950	22,688	30,638
1937	4,499	9,196	13,695	36,745	50,440	5,748	21,825	27,573
1938	11,533	11,169	22,702	27,509	50,211	6,858	21,649	28,507
1939	13,033	8,605	21,638	27,326	48,964	7,784	20,702	28,486
1940	10,564	9,708	20,272	28,657	48,929	9,722	16,820	26,542
1941	12,166	9,938	22,104	26,121	48,225	11,170	14,286	25,456
1942	10,640	11,979	22,619	26,578	49,197	11,100	13,790	24,890
1943	10,657	13,410	24,067	25,661	49,728	9,943	13,836	23,779
1944 3/	10,744	15,056	25,800	24,804	50,604	9,568	14,300	23,868
1945 3/	11,164	15,400	26,564					

1/ Excluding from 18,000 to 283,000 bales destroyed annually.

2/ American in running bales (counting round bales as half bales) and foreign in bales of approximately 478 pounds net weight.

3/ Preliminary and partly estimated.

Compiled from reports of the Bureau of the Census, the New York Cotton Exchange Service, the Commodity Credit Corporation, and estimates by the Department of Agriculture.

Table 9.- STATISTICAL SUMMARY

Item	Unit or base period	1944 Sept.	1945 July	1945 Aug.	1945 Sept.	Pct. of year ago 1/
Prices:						
Middling 15/16-inch, 10 markets	Cent	21,40	22.59	22.38	22.50	105.
Farm, United States	Cent	21.02	21.25	21.33	21.72	103.
Parity	Cent	21.08	21.45	21.45	21.58	102.
Farm, percentage of parity	Percent	100	99	99	101	101.
Premium of 1-1/8-inch over ..... basis 2/:						
Memphis	Point	430	400	400	401	93.
Carolina "B" mill area	Point	605	565	565	558	92.
Cloth, 17 constructions	Cent	42.44	42.32	42.32	44.54	105.
Mill margin, 17 constructions ..	Cent	21.30	20.04	20.28	22.36	105.
Cottonseed, farm price	Dollar	52.30	55.00	52.50	51.40	98.
Cottonseed, parity	Dollar	38.30	39.00	39.00	39.20	102.
Cottonseed, farm pct. of parity	Percent	137	141	135	131	96.
Consumption:						
All kinds during month, total ..	1,000 bales	789.6	673.1	739.8	701.0	89.
All kinds cumulative, total	1.000 bales	1631.2	957.6	739.8	1440.8	88.
All kinds per day, total	Bale	38,518	32,052	32,166	35,949	93.
All kinds, annual rate	Million bales	9.9	8.2	8.2	9.0	91.
American-Egyptain cotton, total	Bale	3,349	3,024	2,349	1,560	47.
American-Egyptain, cumulative ..	Bale	6,971	43,433	2,349	3,909	56.
Foreign cotton, total	Bale	8,562	10,210	12,674	11,405	133.
Foreign cotton, cumulative	Bale	18,016	119,036	12,674	24,079	134.
Stocks, end of month:						
Consuming establishments	1,000 bales	1,714	1,963	1,833	1,749	102.
Public storage and compresses ..	1,000 bales	9,776	8,373	7,839	8,308	85.
Total 3/	1,000 bales	11,490	10,335	9,672	10,057	88.
Egyptian cotton, total 3/	Bale	46,984	58,937	55,445	53,672	114.
American-Egyptian cotton, total 3/	Bale	48,237	31,602	29,546	27,533	57.
Index numbers:						
Cotton consumption	1935-39 = 100	148	123	123	138	93.
Prices paid, interest, and taxes	1910-14 = 100	170	173	173	174	102.

1/ Applies to last month for which data are available.
2/ Premiums for Middling 1-1/8-inch, based on near active month futures at New York.
3/ Includes only stocks in mills and public storage and at compresses.
Compiled from official sources.